

**Economic and Social Council
2008 High-level Segment
Development Cooperation Forum
June 30, 2008**

Identifying gaps and obstacles
“Allocating more aid: where should it go?”

I. OVERVIEW OF REMARKS

My remarks today will have three sections:

- First, I will discuss increasing clarity in the U.S. Government regarding the importance and the urgency of achieving broadly accepted development goals. I think this clarity will help the United States become a more effective development partner/leader.
- Second, I want to provide a summary of our efforts to improve the effectiveness of USG assistance and raise the profile of development assistance in the USG. Again, I think these efforts to bring greater U.S. coherence to our effort have direct relevance for this forum.
- Third, I want to summarize our funding priorities and where we think we can achieve the greatest impact from our assistance investments.

II. First regarding great development assistance, today we have increased clarity across all of our Foreign Policy institutions – civilian and military:

- that the achievement of development goals has a major impact for the United States and what we want to help accomplish around the world;
- that we can be a major force in helping countries achieve sustainable progress
- that there are no quick fixes and
- that consequently we need to exercise great policy and resource sustained focus.

Today, an integral part of our development approach recognizes that there are important security implications from lack of development, from unresponsive governance, from health crises, and from enduring crime and poverty. These precepts have been part of core US national security policy over the past 4 years, but we now have greater understanding and

acceptance of these principles and a growing sense of urgency and focus about the need to help countries accomplish important goals.

So how did we get to this increased clarity that now pervades through much of our government? I think there are a number of trends/ideas that are coming together now to better form USG thinking. My sense is that some of these same trends are occurring in other nations as well.

1. First, there is a growing consensus among practitioners and think tanks that we need to strengthen how the United States organizes, funds, and delivers foreign assistance. We've recently seen several significant reports on the future of U.S. foreign assistance. The consensus in these reports is encouraging. Every one of these reports called for an elevation of development and diplomacy in our nation's foreign policy. Collectively, these reports make a bipartisan case for increased investments and a modernized aid structure to reflect the importance of meeting global development challenges.
2. Second, we have a greater understanding regarding the reinforcing relationship among our foreign assistance objectives. At any time, the US government has a wide range of necessary and interconnected foreign assistance objectives at play- development; poverty reduction; national security; military assistance and training; post-conflict reconstruction and recovery; humanitarian response; building country capacity; democracy promotion; and the list goes on. We understand that where security is not present, development can not occur. We understand that good governance and education investments can provide an environment for economic growth.
3. Third, there is an evolving understanding of the need to more effectively deploy our foreign policy tools: Each of our major foreign policy tools – **Diplomacy, Defense and Development** can be used to help achieve development progress. In fact, we increasingly talk about a convergence or fusion between security challenges and achievement of development goals and we increasingly talk about the need for greater coherence in how we apply our foreign policy tools.
4. Fourth, we clearly understand that there will not be sustainable development progress without working closely with international organizations, NGO's, other donors and host countries. The challenge

obviously is to do it better. In fact, international response to the food price run up will be the latest test of how well we can work multilaterally.

5. Fifth, there is greater appreciation of the important need to integrate activities of non-traditional development assistance players: There has been tremendous growth in corporate and unofficial sources of development assistance. American private capital flows to the developing world have tripled over the last three years – and now represent 80 percent of the financial flows to developing countries. This is a profound change in the relationship between institutional and private foreign assistance flows, trade, private flows and remittances from citizens living abroad. We are developing a better appreciation of how those flows impact achievement of our collective goals.
6. Sixth, there is greater understanding that measurable, sustainable progress is possible. Simply put. Performance matters: We need simple, concrete indicators upon which to measure performance and track results. Most importantly, performance is vital to securing sustained high levels of funding for foreign assistance and to performance-based allocation systems.
7. There is a sense of urgency in both a time and policy context regarding the elevation of development issues. Today we are dealing with:
 - A global food crisis and record-setting food prices – which threaten to overwhelm hard-earned development gains of the last 8 years
 - Rising and record setting fuel prices
 - Regarding time pressures, in the US we have an election in November and transition in January which is always a time for serious debate and review of key foreign policy issues
 - In addition, we and many other governments face looming budget challenges; and
 - And let's face it; our attention span for development issues is not limited; but we have focus now; let's use it

USG Strategies

So, we have some strong winds in our sails for elevating the importance of achieving development goals. We have tried to take advantage of this high

level policy support to bring greater coherence to our efforts. Key components of our “get our own ship in order” strategy have included:

1. First, we recognized the need for significant new funding commensurate with the challenges and opportunities around the world. So we:
 - Tripled ODA since 2001; doubled levels for Latin America and quadrupled levels for Africa.
 - Increased overall foreign assistance by 45% since 2001 and are
 - Doubling our assistance to sub-Saharan Africa between 2004 and 2010, to reach our \$8.7 billion, and we will meet our commitment from the G8’s Gleneagles meeting.
 - In the first five years of the President’s Emergency Plan for AIDS Relief (PEPFAR) (FY04-FY08), we have invested over \$18 billion in programs designed to reduce the transmission and impact of HIV/AIDS, with the goal of treating two million people, preventing seven million infections and caring for 10 million people. The President has announced a second five year program of \$30 billion.
2. Second, we launched new programs and mechanisms. Most of you are familiar with Millennium Challenge Corporation (MCC) and PEPFAR, but we also have the Civilian Stabilization Initiative, Provincial Reconstruction Teams, and joint State and Department of Defense (DOD) assistance programs.
3. Third, we strengthened the nexus between our Diplomatic & Development tools by creating a new Director of Foreign Assistance position at the State Department. That person also concurrently serves as the USAID Administrator. This structure ensures that our overall foreign assistance programming will have a strong development emphasis as well as being closely tied to our day to day diplomatic activities.
4. Fourth, we recognized that our staffing levels were inadequate. So we are rebuilding our core diplomatic and development staffing capacity. Simply put- we need a lot more people to support the achievement of our objectives. Thus we are trying to double the size of our development corps.

5. Fifth, we recognize the need to bring a whole of government approach to our foreign assistance programming. Many USG agencies have foreign assistance programs. We are bringing coherence to these efforts by developing a common language/architecture and approach to assistance and by developing individual country plans and strategies that incorporate all of our objectives and funding sources in a particular country.
6. Sixth, we are placing more emphasis on performance and accountability. For example:
 - The MCC uses performance criteria to determine eligibility for compacts with Millennium Challenge Account funds.
7. Seventh, we have ramped up our Public/Private Partnership efforts.
 - Our goal is to triple the resources we leverage through our Global Development Alliances.
8. And eighth, we are trying to significantly improve how development information is shared. USAID's Global Development Commons (GDC) initiative brings together the ground-breaking changes taking place in development with the rapid advancements in information technology and web communication to make it easier for developing countries and their citizens to find solutions and resources that match their development needs.

FINALLY OUR FUNDING PRIORITIES

Our key funding imperative is to enable countries to help themselves move forward along the development spectrum. Consequently our priorities are:

- First, we focus on removing obstacles to Democratic Development. As such, our focus has been on and will continue to be on feeding the hungry, expanding access to basic education and fighting pandemics such as HIV/AIDS and Malaria and forgiving old debts
- Second, we will place increased focus on improving agriculture productivity in terms of responding to the food crisis. We want to help double the production of key food staples in selected countries;
- Third, we will continue to support key development enablers such as economic growth and governance infrastructure

- Fourth, we will maintain important security relationships because of paramount importance of security to development
- And fifth, we will recognize that we must have the right number of trained and supported people around the world to help carry out our development programs

CONCLUSION

So where does that leave us:

- We have greater development focus and sense of USG unity about how, why and what we are doing to accomplish.
- To be fair, we are still in the formative days of our foreign assistance reform effort.
- But the combination of increased resources, a sum of the whole of government approach and better leveraging of all of our policy tools has relevance for the work of this forum.

In particular, this whole of government approach, which is really challenging to implement, is needed to develop, implement and sustain a more coherent USG foreign assistance program that can more effectively link with the efforts of many countries and organizations.

In closing, the one word that captures where we are in our efforts to help better achieve development goals is “More.” There are more issues to consider, more complexity, more aggregate resources, more information about what works and what is important, more understanding of the impact for not achieving development goals and more international focus on improving our collective performance. We are positioning ourselves to be a better partner/leader and we believe that most importantly there is more promise/more potential for achieving long-term sustainable development goals.

Thank you.